ND PROJECT MANAGEMENT NEWS

A Newsletter for Project Managers

Welcome to the second issue of the *North Dakota Project Management News*! The purpose of this newsletter is to bring you information about project management-related topics and events in North Dakota (ND) Government and Higher Education.

PM News

First Chapters of Draft *ND Project Management Guidebook* Released for Comment

At the March 24, 2004 PMUG meeting, the Preface and Project Origination chapters of the draft *ND Project Management Guidebook* were discussed and feedback from attendees was received. The *ND Project Management Guidebook* will be a complete project management methodology for use by ND State Government and Higher Education. It is based on the *New York State Government Project Management Guidebook* and has been customized by the Enterprise Project Management (EPM) Advisory Group. To request a copy of the Preface and Project Origination chapters, contact Jennifer Kunz at 328-4474 or jkunz@state.nd.us.

Next PM User Group (PMUG) Meeting is April 20, 2004

The next PMUG meeting will be April 20, 2004, from 2-3 p.m., in the Peace Garden Room at the State Capitol. If you would like more information, please contact Jennifer Kunz. The agenda will include a focus on the Project Origination chapter. **How will you benefit?** By participating in the PMUG, you will have an opportunity to learn and share experiences with others. At the same time, you will be providing valuable feedback on the ND Project Management Guidebook to the EPM Advisory Group.

PMI Releases Exposure Draft of *PMBOK Guide 2004*

The Project Management Institute (PMI), which is the world's leading nonprofit project management association, has released the draft *Project Management Body of Knowledge (PMBOK) Guide 2004*.

The *PMBOK® Guide* provides a basic reference for anyone interested in the profession of project management and a common lexicon within the profession. It is the framework that the *ND Project Management Guidebook* is based upon. The

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PMBOK® Guide identifies and describes generally accepted knowledge and practices, those that are applicable to most projects most of the time and have widespread consensus on their value and usefulness.

If you are a current member of PMI, you will have access to this document and the opportunity to provide comments at www.pmi.org. If you are not a member, you can anticipate the release of the *PMBOK® Guide 2004* in October of 2004.

PM Lessons Learned

Mike Fisher of the Department of Human Services (DHS), who is the project manager for the replacement of the DHS Medicaid Management Information System (MMIS), submitted the following Lesson Learned:

Did you know that North Dakota has a law that when evaluating bids or proposals, you must determine whether the bidder's state of residence has a preference law for vendors in that state? I found that out while developing our Request For Proposal (RFP) Evaluation Plan.

So what are preference laws and how do you apply them? The term "preference" as it relates to government purchasing is an advantage in consideration for award of a contract given to a particular type of vendor. In North Dakota, the preference given to a resident North Dakota bidder will be equal to the preference given or required by the state of the nonresident bidder.

Sounds confusing! Here is an example. The state laws of a nonresident bidder require a 5 percent preference for vendors who are a resident in that state, so you must increase that bidder's cost by 5 percent before evaluating it. No reciprocal preference is applied to the price offered by a nonresident bidder whose state of residence has no preference laws.

Summary of Lesson Learned: Project managers should understand North Dakota's Preference Laws prior to evaluating proposals from an RFP procurement process. If a company protests your notice of intent to award, and you did not apply preference laws, you may not be able to award it the contract.

If you would like more information about the subject of procurement, please visit the ND State Procurement Office web page at http://www.state.nd.us/csd/spo/. You can also refer to the IT procurement information at the ITD Policy and Planning Division's web page: http://www.state.nd.us/itd/planning/tech.html.

Ask the EPM Advisory Group

Question – I frequently hear that project managers should develop a communications plan for each project. What should I include in a good communications plan?

Answer – The purpose of a communications plan is to identify what information your project stakeholders need to receive and how you will provide it to them. The concept of a communications plan may sound elementary, but in the case of projects and the multiple stakeholder expectations you must manage, it is critical to identify early in the project what information must be communicated and how frequently.

Depending on the size and complexity of the project, communications management may be informal or highly sophisticated. Regardless of formality, the communications plan should be incorporated into your overall project plan for the project and reviewed regularly. You will commonly see a communications plan represented in a table format with the following fields:

- The type (description) of the communication – status meetings, status reports, presentations, memos, newsletters, meeting notes, etc.
- To whom the communication will be given – senior management, team members, the project sponsor, etc.
- The facilitator of the communication – the project manager is the facilitator for most communications!
- The frequency of the communication – daily, weekly, monthly, etc.
- How the communication will be stored and what records retention requirements apply.

Furthermore, to avoid communications problems you should: (1) Be as concise and clear as possible in both written and verbal messages, and (2) Solicit feedback to determine if your messages have been received by the appropriate parties and interpreted correctly. When there are problems, try to learn from them so that you can do better in the future. Remember, there can never be too much communication in a project!

The ND Enterprise Project Management (EPM) Advisory Group is a small workgroup of project managers who proactively identify project management issues and assist in the collection and development of project management best practices such as tools and templates. Have a question for the EPM Advisory Group? Send it to Jennifer Kunz at jkunz@state.nd.us.

Featured PM Web Sites

The Neal Whitten Group
As contributing editor to *PM Network* magazine, Neal Whitten provides several articles only one magazine-length page each.
http://www.nealwhittengroup.com/articles.asp

RMC Project Management
RMC Project Management helps project managers use the latest project management tools and technologies to complete projects faster and more efficiently. The attached link takes you directly to RMC's free Tricks of the Trade.
http://www.rmcproject.com/free/tips.htm

New York State Office of Technology
In January 2001, a statewide Project Management Office (PMO) within the New York State (NYS) Office for Technology was created. The *ND Project Management Guidebook* was adapted from NY's methodology.
http://www.oft.state.ny.us/pmmp/pmo.htm

PM Recognition

Congratulations to Mark Hawks and Jennifer Kunz of ITD for becoming certified as Project Management Professionals! The Project Management Institute (PMI) (www.pmi.org) administers the Project Management Professional (PMP) certification.

Proving the Value

By Deborah Bigelow, PMP, Contributing Editor

With so much attention on the bottom line, executives want hard-line numbers that show project management ROI.

Many organizations are incorporating project management as a core competency, but it is not cheap and does not happen overnight. Only 51 percent of organizations measure the value of implementing project management improvement initiatives, and these metrics are focused primarily on meeting delivery dates and budgets, according to the Center for Business Practices. This is not good enough. Senior executives who have initiated project management improvement projects now are being asked to "show us the value!"

To see exactly where the perceived or actual value of specific project management initiatives lies, I investigated organizations that currently are executing project management initiatives to see what they feel is critical and what sort of return on investment they're receiving. My research led me to a panel discussion held at PMI Global Congress 2003—North America, in which speakers summarized their initiatives and where they were finding value.

The metrics used for evaluating project management performance really depend on the intiative's goals, the project management maturity level and the company culture, according to Janet Burns, direc-

> **Six Step Success**
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> State Farm Insurance started small and gained successes along its six-year journey to project management maturity. They are now at the point where the value of project management is visible. Others departments ask to "borrow" IT project managers for assignments, and some departments have established their own internal project offices and are developing their own project managers.
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> Jeanne Childers, systems project office director for State Farm Insurance recommends six critical elements for a successful project office:
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> 1. Implement a project management methodology
> 2. Formalize the role of the project manager
> 3. Train project managers, sponsors and team members in their roles
> 4. Implement a tool to support the project environment
> 5. Implement a project office
> 6. Mature the project management discipline through advanced project management training and professional certification.

tor of project management at The New York Times Co. (NYTC), which had an *ad hoc* approach to projects. Its first initiative was to implement an enterprisewide project management methodology, the PM Roadmap. A key metric, therefore, was the rate of adoption and usage of the methodology.

NYTC's project management office (PMO) has been responsible for tracking performance results because it owns the project management process, Burns says. One significant change since the initiative began is that project management goals and objectives are now other employees' goals as well. As a result, tracking and accountability is spreading beyond the PMO.

Perhaps the most important benefit of improved and consistent communications is improved scope management. NYTC's previous informal processes did not include such documents as a project charter. Because no project charter existed, there were often multiple impressions of project goals, scope, etc. Developing a project charter now enables early and frequent conversations about the content of projects, leading to improved scope, schedule and budget adherence.

Although project data for NYTC "is anecdotal at this point," Burns says, "the examples cited have shown positive value to the project sponsors. We will begin to track projects more diligently in the near future and compare the results of projects using our project management methodology and techniques. We expect to capture data that reflects actual savings in time resulting from improved management, project selection and leveraging information across our business units. While we currently enjoy a great amount of support from senior management, showing the value to our bottom line is expected to sustain and bolster that support in the future."

Mark Philhower, vice president, CIGNA Healthcare Program Management Office, discussed his organization's initiatives to align corporate strategy and the project portfolio. At CIGNA, a project called Alignment and Prioritization defines an individual project's impact on the corporate and divisional objectives and strategies. CIGNA has established quantitative impact metrics for each project, with those metrics then being used as indicators for alignment and prioritization.

Although still in the beginning phases, those metrics will follow the project through the development of its business case, funding and approval process, and ultimately, production and operations. Once in production, the plan is to track operational returns and compare those returns to the original estimates and, assumptions used to justify the project in the first place. This use of pre-established metrics ensures a greater degree of financial accountability in realizing the projected business benefits of the project.

"The program management office has been given responsibility and ownership of the Alignment and Prioritization process together with project portfolio management," Philhower says. "Projects and initiatives are derived both strategically (top down) and operationally (bottom up). Strategic initiatives are evaluated against the longer-term strategic objectives of CIGNA Healthcare, and operational initiatives are evalu-

ated against the shorter-term operational needs of the organization. Both strategic and operational initiatives then are evaluated against capital and resource constraints. Each of the two portfolios will be evaluated and reviewed periodically (at least monthly) for any changes in project status, organization or market dynamics. Resource allocations also will be reviewed and evaluated periodically for adjustments and modifications due to availability, changing project status or changes in project demand."

While CIGNA is just starting to get its arms around managing this effort, Philhower foresees significant opportunities for improving organizational focus and performance.

Deborah Bigelow, PMP, is executive vice president of PM Solutions Inc., a Havertown, Pa., USA-based project management consulting company. She was executive director of the Project Management Institute from 1992 through 1996.